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Treasury Stocks

Evidence from Portuguese listed companies in 2010

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Abstract

The Miller and Modigliani (1961) curiosity awoke the interest of professionals to look into share repurchases. The aim of this study is to analyse how relevant were the treasury stocks in the Portuguese listed companies accounts for 2010. From the sample analysis of the PSI Geral (Portuguese Stock Exchange companies), most of the companies had in their account treasury stocks and half of them traded them during the year. The research contributes to present the reality of the Portuguese listed companies in terms of regulation, disclosures, and financial statement analysis numbers.

Key words: *Corporate Payout, Portuguese Regulation, Portuguese companies, Treasury stock*

1. INTRODUCTION

According to The Economic Times writer Vijay Gurav, "investors may be shying away from the stock market, but many companies are not as volatile market conditions are prompting them to buy back shares from shareholders[1]*."*

This project on share repurchases is justified due to the importance that media has recently given to the topic. A recent article available in the blog tab of the Economist website raises a question about what is the best timing for a company to buy their own shares and presents the view from a quantitative strategist at Société Générale, Andrew Lapthorne, who says that in 2008 S&P 500 market were using almost 40 per cent of their cash flow to buy back their own shares. In March 2009 the proportion of cash flow used to buy back shares was 19.6 per cent and in 2010 the numbers reached 5.9 per cent. In Portugal, the last year's news about treasury stocks operations taken by Portuguese listed companies like Millennium BCP, which sold different sets of shares or Brisa, which bought 145 thousand shares at an average purchase price of €5.23, demonstrates that tendency. According to Rebelo (2010), about 62 per cent of the Portuguese listed companies held treasury stocks in 2009. Indeed, Portuguese listed companies do not differ too much when comparing for instance with Indian and American markets cited before because Portuguese institutions are also choosing this payout option. The rough scenario due the market uncertainty of the worst economic crisis in history as well as the challenge of managing an almost defaulted economy has not blocked the bet on this type of shares. Last but not least, the treasury stocks topic has been quite unnoticed by the **Portuguese financial professional researchers**, leaving an almost absence of studies. In the current and past years several opinion articles have come up which gave

[1] Retrieved from <http://articles.economictimes.indiatimes.com/2011-11-15/news/30401370_1_share-buyback-plans-maximum-buyback-price-repurchase-shares>

me motivation to examine the Portuguese outlook. The Reuters Breaking Views columnist Robert Cole's feeling: "Share repurchases are creeping back into fashion, and they are easier to fall for when markets are on their knees" demonstrates the concern with the global tendency of the companies, going along with the 2011's The Economist issue, on which Mr. Smith presents several dogmas that can never be neglected no matter the state of the economy: "Treasury shares should only be used if the stock is trading at below its economic value and the repurchase represents the best use of cash available. You cannot create value by buying back overvalued shares. Treasury stocks acquisition should be left on the statement of financial position as an asset and equity accounted". The complexity and the importance of the subject are essential to evoke some questions: Are Portuguese listed companies following this path despite their liquidity and credibility problems? Are the reasons presented in parallel with those founded in international literature as capital structure adjustment (Grinblatt and Titman, 1998) or a means of reducing cash flows in order to eliminate agency costs (Dittmar, 2000; Jensen and Meckling, 1976)? The present crisis is a proper time to observe if the payout policy assessed happens when financial markets face a crisis as Jarrell US market findings in 1991. In the recent past, events like the 300 programs implemented in the New York Stock Exchange after September 11 (Gabrielli and Saito, 2003) and the 42 per cent São Paulo Stock Exchange depreciation in less than one year (Moreira, 2000) during the Asian Crisis were evidence that companies are more conducive to share repurchases transactions when the prices falls.

Summarizing, this research looks into the **treasury stocks repurchase** transactions **around** the Portuguese listed companies in 2010, through the statistics interpretations of the quantities and the values reported, since the highlight of the international media about this payout policy was not sufficient to avoid the ineffectiveness of the Portuguese professional studies.

The remainder of this paper is as follows. Section 2 provides a detailed definition of treasury stock to make the reader aware of the concept as well as the different financial instruments available that demonstrate the complexity and the variety of this operation and ultimately the causes behind them and their consequences. Section 3 presents the literature review, from the empirical papers that were used as basis and the regulation issued by the Portuguese entities (the Portuguese Security Market Commission (CMVM), Company business code) and UE authorities (International Accounting Standards, International Financial Reporting Standards). Section 4 describes the research questions, methodology and data collected to **carry out** the research. Section 5 presents and discusses the results obtained comparing with studies already done and Section 6 addresses the conclusions, limitations and suggestions for future research.

2. DEFINITIONS AND BACKGROUND

This section introduces the basic contents of the topic, starting by a definition of the treasury stock, followed by a brief description of the existing type of shares and the different treasury stocks and finally presents a framework at the tax and accounting stage.

a) What is treasury stock?

Treasury stocks[2] can be defined according to Vermaelen 2005's definition as "...an investment decision, an investment in itself. It is a payout decision, it is a capital structure decision as it increases the ownership structure of the company..." or in other

[2] The corporate world expressions also differ from country hemisphere position and the British equivalent expression is "own shares". "Buyback" or "repurchases shares" are terminology actions behind "treasury stock". The terminology used in this Work Project from now on is *treasury stock*.

words, "the purchase of shares by a company from its shareholders; an alternative way for the company to distribute value to shareholders". Trading treasury stocks have different impacts, depending on the characteristics of the stock acquired, and either preferred or ordinary stock. While preferred stock has advantages such as priority when it comes to dividends (fixed dividends are paid to preferred stock on a regular basis) and bankruptcy events or the opportunity to sell them to a broker; the owners of ordinary shares could receive non-fixed dividends and have the right to vote at general meetings of the company. Regarding the rights of shareholders, while a common stock gives to the shareholder the right to vote, to receive dividends or to ask and have access to information, treasury stocks have their rights suspended once they need an increase of equity through the reserves to grant stock dividends. Using U.S. history as a support material of this project, it shows that in the 70's, the U.S. were characterized by a total corporate payout in treasury stocks of approximately less than 4.5 per cent while in the 80's this value raised to 25 per cent and at the end of the 90's, this method exceeded dividends payout (**Grullon and Michaely, 2000**). In general, dividends have become old fashioned as demonstrated by the decline of this policy over the past 20 years (**Fama and French, 2001**).

The table 1 describes the accounting framework in any single treasury stock operation Dividends also imply a negative change in equity as well, but both of them are not a tax deductible cost. This practise has a tax advantage comparing with dividends, among others presented in tables 2 and 3 of the appendix section, but it is an operation that is dependent on severe legislation and regulation, in order to preserve the transparency and the ethic behaviour.

Table 1 - Accounting framework

View of treasury stocks	Treasury stock is a Reimbursement to shareholders	Treasury stock is an Investment of the company
Acquisition	To decrease assets and decrease equity	Assets and equity do not change in amount, but their composition changes
Sale	To increase assets and increase equity	Assets and equity do not change in amount, but their composition changes

Regarding the accounting regulation, IAS 32 obliges companies to register a purchase of treasury stocks as a reduction of their assets and a decrease of their equity. By definition, $Assets = Equity + Liabilites$. When an acquisition event happened, the following shift succeeds: $Assets\ (\downarrow) = Equity\ (\downarrow) + Liabilities\ (=)$ because the company invests money (decreasing in their cash account) and on the opposite statement of financial position side, equity has a negative value because the number of shares outstanding decreases implying a lower enterprise value[3].

b) Background, causes and consequences of have treasury stocks

The useful three alternative methods, in order to increase the price per share, are recognized as a direct approach: by fixed price tender offer where a single price for every share traded exists though limited to a period; by Dutch auction tender offer, the shareholder will accept the best proposal within a previously settled range and through the open market repurchase method, which is the most common (Grullon and Ikenberry, 2000). When this topic is brought up, it is worth mentioning the significant role that derivatives assume (synthetic approach) in treasury stock. The derivative instruments available are **widely diversified strategies** that can be used in combination with or as substitute for direct approach, and will facilitate some decisions and produce better

[3] Enterprise value = Market Capitalization + Total Debt – Cash
Market Capitalization= Shares Outstanding x Current Share price

results. Forward equity purchase, a name used to define a treasury stock event financed by debt, is an agreement with a future stock price settled as well as a settlement and the seller always receives the price established regardless of the market price at end date. To point out how important these techniques are, a top 20 Portuguese listed company, Portugal Telecom, only present in their 2010 accounts the Total Return Swap agreement in terms of treasury stocks. Known as a bilateral contract with **cost benefits** for the buyer where the financial intermediary (bank) supports the operation with a payment of a fixed or float rate interest, although it is not a theme developed during this project nor is the usage of options (strategies such as selling put options or buying call options warrant the protection against market volatility and in terms of operation costs). This set of approaches is the most common in the market and will be important try to describe them in terms of numbers in order to point out the tendency in the Portuguese market, however there is no specific information regarding the approaches taken.

After introducing the basic contents to understand the essential meanings and definitions, the next section will present the existing material, about the topic, covered by the academic and empirical studies as well the supported jurisdictional contents that companies have to be aware of in their day by day of the transactions that involves treasury stocks.

3. LITERATURE REVIEW

This section summarizes the regulation and legislation, currently in force in Portugal, followed by the presentation of the main empirical research and normative studies relevant to this study.

3.1. Review of regulation

Portuguese regulation about treasury stocks includes the capital market regulation, the Companies Business Code, the European Community directives, regulations and recommendations, and the standards issued by IASB[4]. The last came into force after the approval of EC Regulation Nr. 1606/2002 that obliges all EU listed companies (financial institutions included) to prepare their consolidated financial statements in accordance with the IFRS and IAS from 2005 onwards. The regulation covers the acquisition, holding and sale of treasury stock.

Acquisition framework

An acquisition operation is a transaction that, since the disclosure of 5/2008 issued by the Portuguese Security Market Commission, known by the acronym CMVM[5], obliges the issue of a detailed report of every transaction about treasury stocks for itself. The CMVM code states in the article 249th Nr. 2 f) that firms cannot go out beyond the range of five to ten per cent reserve bounds when acquiring treasury stocks. Furthermore, the prior disclosure demands the delivery of a Corporate Governance Report fulfilling features about firm structure and governance practices, stated in CMVM Regulation Nr. 1/2010[6]. According to article 66th Nr.5 d), from the company business code (CSC[7]), the management report should include the number and the nominal amount acquired during the year, as well as the reasons and the associated price. The same legal code presents a limit of 10% of their equity in these operations (CSC, article 317th, Nr.2). However, the

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[4] IASB is the acronym for *International Accounting Standards Board*.
[5]CMVM is the acronym for *Comissão do Mercado de Valores Mobiliários*. It is an independent public institution that regulates and oversees all the securities and other financial instruments present in the markets.
[6] Original Portuguese version published in *Diário da República* (the Official Gazette) - II Série - 01/02/2010.
[7] CSC is the acronym for Código das Sociedades Comerciais. It was created through Government members by the issuing of Decree-law Nr.262 of 1985.

previous statement has exemptions, namely when there is a pretention to reduce the equity size, when the acquisition is free or it is to reimburse debt (CSC, article 317^{th,} Nr.3). Moreover, while article 324th requires a mandatory availability of a reserve amount equal to the accounted one, article 319th says that it is mandatory to present a maximum number of purchase and, a minimum if there is and also a deadline (which cannot exceed 18 months) as well as who is the prior owner. The Board of Directors can approve an acquisition operation if it prevents a pendent harm, (CSC, article 319th Nr.3), but the acquired treasury stocks cannot be purchased with money lent by the same society (CSC; article 322nd). Treasury stocks regime obliges the annual reports to issue the total number of treasury stocks acquired during the period in analysis along with the reasons thereof (CSC, article 324th Nr.2).

Maintenance framework

The Portuguese Security Market Code does not demand any special publication for those cases. Obviously, the company continues to issue information about its treasury stock "portfolio" and to fulfil the range between five to ten per cent of its equity with treasury stocks but the Portuguese Companies Business Code does not state any point concerning maintenance of treasury stocks in the accounts. This law specifies that during the holding period, the Board of Directors should annually report the number of treasury stocks held at the end of the year (CSC, article 324th Nr.2).

It is important not to neglect that since the adoption of the EC Regulation Nr.1606th of 2002[8], consolidated financial statements should be reported according to IFRS / IAS procedures. It is important to emphasize that IAS 1 requires a presentation by a company of the following documents: a statement of the financial position, a statement

[8] It was approved by the European Parliament and European Union Council.

of comprehensive income, a statement of changes in equity, a statement of cash flows and the notes. It also demands that each class of share capital should contain the number of shares authorized and issued, their par value (if it exists) and shares held by the entity and its subsidiaries. According to IAS 32 and SIC 16, treasury stocks should be presented in the statement of financial position as a deduction from equity, and the acquisition of treasury stocks should be presented in the financial statements as a change in equity, and reported in the statement of changes in equity. Regarding financial instruments, IAS 39 considers two kinds of measurements to these products, through amortization cost or fair value. The 2273/2003 CE describes 2003/6/CE directive about treasury stocks program derogations and financial instruments stabilization of operations. A note about some practices that can jeopardize such rules, empirical findings reached that not everything is a fairytale, and before a treasury stocks move, there are managers that took an active manipulation of voluntary disclosures to purchase at a low price (Brockman et al., 2008). Are Portuguese managers quite responsible and honest in terms of transparency policies? The reliability of the accounting mechanisms is directly related with the topic raised in the next section about the necessity of providing determined financial ratios to the market and the investors.

Sale framework

Regarding the present legislation concerning sell a treasury stock, there are mandatory public communications, such as the obligation to issue a detailed report of every operation about treasury stocks for itself and also to remain a range between five to ten per cent of their equity with treasury stocks, the commitment to present in their management report (CSC, article 66th Nr.5 d). Also the number of shares sold during a year and their nominal amount, as well as the reasons and the associated price should be disclosed. Like acquisition transactions, a sale should respect the article 317th Nr.2 from the company business code that imposes a limit of 10 per cent of their equity in these operations. Moreover, article 320th demands the publication of the maximum number of sales and, a minimum if there is one and also a deadline (it cannot exceeds 18 months) as well as who was the prior owner. A law previous taken could decide if a Board of Directors can manage the decision of selling or not. From a tax perspective, each capital gain generated by a sale of treasury stocks are subject to a flat tax rate, as stated in the table 2 of appendix. Any sale should be reported in the Board of Directors annual report as well as the reasons leading to it (CSC, article 324th nr.2).

3.2. Empirical Research

As the Portuguese scenery has flaws in terms of studies, this section examines mainly the papers that cover the U.S. outlook and also makes a brief review of Portuguese research about treasury stocks. Making a framework, the issue observed is a typically American phenomenon that is growing overseas due to the adjustments at tax and regulation levels (Ikenberry et al., 2000; Oswald and Young, 2004) and sometimes from speculation activities that distort the reality. There is empirical research that focuses its efforts on other reasons, for instance capital structure adjustment (Grinblatt and Titman, 1998) or reduction of cash flows in order to eliminate agency costs (Dittmar, 2000; Jensen and Meckling, 1976).

In the U.S., a study reporting to the period between 1980 to 1999 shows, in terms of number and value of treasury stocks announcements, that open market programs are the principal mechanism and represent 91 per cent of the total value (Grullon and Ikenberry, 2000). Grullon and Michaely (2002) discuss treasury stocks *versus* dividends, and conclude that funds that were formerly used to increase dividends are now used to finance treasury stocks. In terms of frequency of offers, fixed price tender offer and open market are the most commonly used options. The differences between them are essentially the mandatory price-quantity versus non fixed price-quantity as long as the first one has signal mandatory to fulfil and the other has not. According to Jagannathan, Stephens and Weisbach's (1998), on average 74 per cent to 82 per cent on average of the announcement shares were effectively bought and 90 per cent used the open market method. There is as hypothesis, a third model (Dutch auction offer) which, on average, presents an excess return of approximately eight per cent while the others presents 11 per cent and two per cent respectively. However, the use of such kind of methods is not always well received and could be considered as a dangerous signal. Of course that easily boosts their EPS[9] and their share price but it does not mean an increasing of their signal's performance. Looking at other parameters like return on equity (ROE) or intrinsic value, these can hide the truth behind the operation. In other words, suppose that a company invests all its money in a treasury stock, this is not creating value because as the company keeps its operations and nothing changes in the return on invested capital (ROIC), equity decreases due to a diminishing of cash account. The final result is a decrease in P/E[10] because as the operations generate the same cash, the share prices do not change which makes P/E dependent on EPS. If a company buy treasury stock through debt money, not only has tax shield benefits, as increase EPS and rise share price. From a tax point of view, Grullon and Michaely (2002) affirm that incentives in terms of capital gains are better which explains, yet, some preference for dividends. Jagannathan, Stephens, and Weisbach (2000) find that firms that pay dividends have more stable earnings than do firms that use treasury stocks. Note that, treasury stocks have the tax advantage of postponing "the realization of capital gains and thus the payment of taxes".

[9] Earnings per Share (EPS) = Net income / Number of shares outstanding.
[10] P/E multiple = Market Value per Share / EPS

Concerning the literature about Portugal, which is the focus of this work project, the existence of two different types of study, can be argued. The majority is considered normative, which have a legal label and a mission of describing and criticising a transmitted message. For instance, Ferreira (1990) could be seen as a visionary because he was one of the first that issued about treasury stock, even covering regulation and accounting principles that were updated. He is a reference, as he helped to define and to shape the concept and possible theories behind the accounting choice of the regulator. On the other hand, Portuguese empirical studies are far fewer and more difficult to find. Lemos and Oliveira (2010) present an updated description of the Portuguese regulation and accounting principles about treasury stock. There is also an empirical study by Lopes and Rodrigues (2004) that analyses the 2001 listed companies' annual reports, and concludes that concerning IAS 32 and IAS 39 requirements, Portuguese listed stock exchange companies were very far when observed the adoption of fair value. And Rebelo (2010), through his master thesis at NOVA, finds out that, in terms of fulfilment disclosures, Portuguese listed companies meet disclosure requirements when they held treasury stock but fail when they traded them.

This Work Project adds value in terms of empirical publications as it presents a recent observation of the available financial statements and annual reports of the Portuguese listed companies. Besides adding one more year to the analysis, nobody until now did a deep analysis of the Portuguese listed companies' annual results with the purpose of showing the quantities and values held and traded and seeing the evolution. Going further to the point of the matter, the literature review section will get richer with this study which presents an exact perspective through the numerical and analytic contents collected. Afterwards, it will be possible to answer the research questions raised, such as if at the end of the 2010'year, the equity account of the listed companies was well composed by these stocks or if their preference was dominated by the issuing of dividends. So, the next section will present the data and the methods used in this research.

5. METHODOLOGY AND DATA

This work project raises the opportunity to issue the following core matter: Treasury stocks - evidences from Portuguese listed companies in 2010? This question is split in various other relevant questions that involve the theme.

RQ1: Do Portuguese companies hold treasury stock?
How much treasury stocks have Portuguese companies (quantity and value)?
Which percentage outs of 100% of the stock?
What value of treasury stock did Portuguese companies hold at the end of the year (total and per share)?
Which industries are using these policies (compare industry versus treasury stock)?

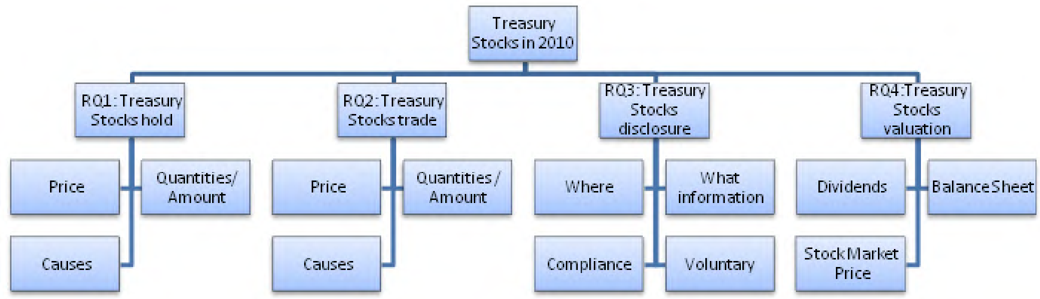
RQ2: Did Portuguese companies trade treasury stocks during the year?
How many treasury stocks did Portuguese companies trade?
What was the average purchase price of treasury stock?

RQ3: How do Portuguese companies disclose information about treasury stock?
Where do companies disclosure information regarding treasury stock?
What information about treasury stock is disclosed?

RQ4: What valuation contents are the Portuguese companies using to using about treasury stocks?
What are the causes to purchase, to maintain and to sell treasury stocks?
Do Portuguese companies prefer distribute dividends or acquire treasury stocks?

Figure 1 summarises the model of research, namely the variables needed to answer to the each research questions.

Figure 1- Model of Research and its Variables



The initial sample was compounded by the 53 companies listed on the Euronext Lisbon[11], obtained from Euronext website, on March, 2012. This list is provided in appendix (table 8), which also presents their industry business, number of shares outstanding, and classification by capitalisation amount. Regarding the capitalisation size, Euronext (Euronext Lisbon notice Nr. 224/05) divides the companies into three Categories[12]: Large Caps (A), Mid Caps (B) or Small Caps (C) which is considered in the results section to show how the capital could influence this payout policy practises. From the initial sample of 53 companies three of them (Benfica, Porto and Sporting) were excluded due to the fact that they adopted a financial reporting period which differs from the one used by the other companies, those with have repeated companies (Espirito Santo Financial and Vista Alegre) and Sacyr, a Spanish company that is only in this group because it has a direct participation in another listed company. The final sample consists of 47 listed companies: nine Large Caps, 11 Medium Caps and 24 Small Caps.

[11] Data source: www.euronext.com
[12] The compartment "A" includes issuers with market capitalisation above one billion Euros; the compartment "B" includes issuers with market capitalisation between 150 million Euros and one billion Euro and The compartment "C" includes issuers with market capitalisation below 150 million Euros.

The methodology used accomplishes the five following steps the source, the sample, the period of analysis, the IT tool used and the characterization of the data. The choice of the sample was conducted with the help of the Euronext webpage, which supplied all the companies that made part of the PSI Geral on March 2012, 21st.

Afterwards, the choice of the year was supported by taking into account the sustainability and availability of the data provided by the companies from the list. The 2010' year is the reference for this study since 2012 is presently in progress and the data regarding 2011 is not completed. The data under analysis includes the Euronext Lisbon Listed Companies because the information from these companies is available and credible due to a large number of disclosure rules and provided to them.

Data, which have to be in accordance with the regulation presented in table 3 et seq from the appendix, was collected from all the 2010's consolidated annual reports, which is the most recent data about the activity and financial performance available for these companies and validated by the ones downloaded from the Stock Market Authority website[13]. More specifically, the data was guaranteed by sub reports inside the annual report as: the board of directors' report where is stated the shareholder structure; the corporate governance report where is stated the information and the auditing in terms of quantities and prices, the capital markets with the shares description or in the financial statements issued: statement of financial position where is presented the value included in equity, the statement of cash flows, the statement of changes in equity and the explanation notes. The last procedure is to provide an interpretation through a simple comparison of numbers or through the use of sub samples such as a sector or

[13] The method used during the analysis follows a straightforward path that started with an observation where it was gathered all the quantitative data published by the companies during the year, then collecting these data and organize with the support of the Excel tool and putting in a table with 53 lines where each one corresponds to each company and 68 columns where are exposed the data extracted from the Euronext website, like type of sector, capitalisation amount, the investment zone, the currency of the operations which is Euros, the units of the numbers and the data available in the company's website.

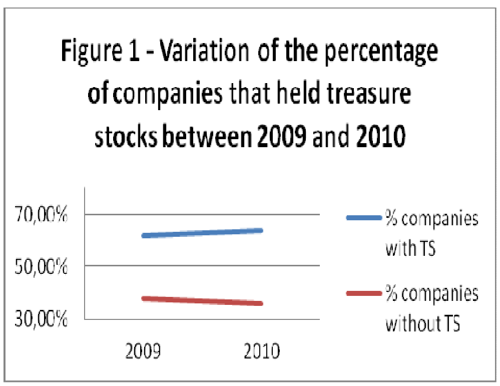
capitalisation size organization. In terms of a secondary data analysis method, some descriptive statistics parameters were raised in order to establish comparisons between these statistic measures and the sample.

Summarizing, the core of this study is to know a little more about the Portuguese listed companies, using the Treasury Stocks variable as measure.

6. RESULTS

This is the hub piece of this study, where the results are totally based on numerical support in order to infer reliable conclusions in the next section.

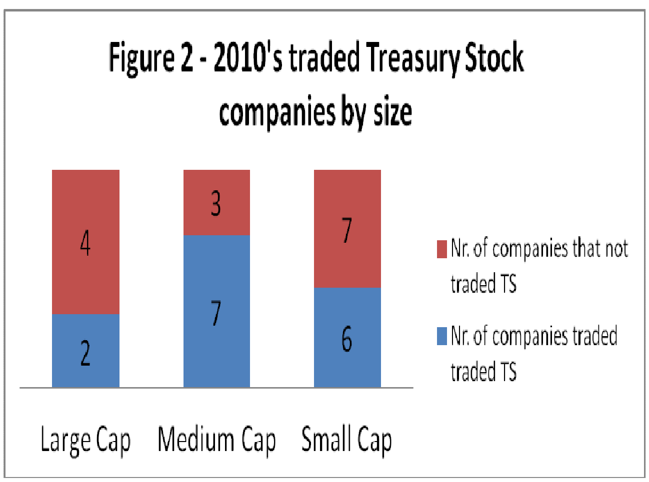
Treasury stocks hold **(RESEARCH QUESTION 1)**



According to the data used, the adjusted sample for 2010 is composed by 30 companies which held treasury stocks against 17, approximately 64% and 36% per cent respectively. These percentages differ slightly from those presented by Rebelo (2010) in 2009, where 62% companies held treasury stocks. Altogether, the sample presents 328,584,083 treasury stocks, comparing with the 349.148.837 from the ending of 2009, considering the same sample. It means a total held amount in the equity account of EUR 864,078,567 against the EUR 968,668,970 In fact, treasury stocks are common and persisting but their evolution demonstrates a discouragement mentality. Another variable featured is if the sample companies that hold treasury stocks respect the 10 per cent treasury stocks limit in their equity and the fact is that all of them respected the norm in 2010. Curiously, Ibersol reached the boundaries with 10 per cent and Sag Gest with 9.90%. From the nine Large Cap companies, there are six that held treasury stocks in 2010 (two thirds of the total) with a total of 100,226,119 shares held and EUR 1,558,395,533 held at the end of the year. Only two (22.22 %) traded these instruments in 2010 and all of them were far from the limit (the highest was Portugal Telecom with 2.3%). From the 11 Medium Cap companies, of which three are bank institutions, there are ten companies that held treasury stocks in 2010 (90.91%) with a total of 179,611,775 shares held and EUR 267,718,655 held at the end of the year, seven companies (63.64%) traded these instruments in 2010 and all of them were far from the limit (the highest was Sonae with 6.52%). From the 24 Small Cap firms, there held on the whole a total of 23,608,562 treasury stocks, corresponding to an amount held of EUR 37,570,379. Only six companies traded treasury stocks in 2010 (25%) and once again fulfilled the legislation (the highest is Ibersol with 10%). Note that this capitalisation analysis excluded three companies marked null by the Euronext, in terms of capitalisation. Using descriptive statistics as reference to evaluate the performance of the companies, in terms of 2010 total ending treasury stocks (quantities held), only eight out of 30 (27%) are above the average of 10,952,803 shares. Among the companies that held treasury stock, the maximum number held belongs to Sonae with 130,479,891 while the minimum of 206 treasury stocks belongs to Grão Pará Hotel Group. Concerning the amounts, only six in 30 (20%) are above the average amount value of EUR 28,084,234. The maximum value in a treasury stock account belongs to Portugal Telecom with EUR 178,071,827 while the minimum of EUR 1,854 belongs to Vista Alegre. The average purchase price rubric has an average of EUR 2.29, a maximum of EUR 7.29 and a minimum of EUR 0.60. An industry's analysis (using ICB 1 Euronext designation) shows that in 2010, half of the treasury stocks' quantities depended on the Consumer Services sector and this is mainly due to the important role of Sonae in the sector. An overview demonstrates the supremacy of this content in the Sonae's accounts in comparison with the remaining companies. In order to keep the standards and levels of motivation, companies use this mechanism to compensate their employees. The main reason behind it is to guarantee a complete fulfilment of job tasks, avoiding fraud or other non ethical actions. The company gets in an advantageous position because it is a payout mechanism not expensive for them and which allows having their assets committed.

Treasury stock trade **(RESEARCH QUESTION 2)**

Throughout 2010, 15 companies traded against 15, which mean 50 per cent traded them against 50 per cent, respectively, while according to Rebelo (2010) 62% traded them in 2009. Definitely, the common practices of listed companies include the traditional buy and sell operations headed by 12 (80%) purchase actions, 8 (53.33%) through sales and only five provided by share based payment (33.33%). Speaking again about industry performance, in terms of amounts traded, Industrials was the sector that traded and held more money in 2010, while the biggest treasury stock acquisition of the year is the responsibility of Millennium BCP.



Considering the capitalisation size, in 2010, Medium Cap firms was the capitalisation set with a larger number of operations, where from the 11, with eight of the eleven having operations related with treasury stocks. In practise, assessing the quantities hold keeps this cohort keeps at the top, although Large Cap firms were responsible for the biggest volume held in the accounts, with approximately 90% of the Treasury Stock value held belonging to Large Cap firms. It was a considerable change when comparing with 2009 results, where not only did Large Cap companies holds more treasury stocks but also traded a higher amount, on the whole. Also considering the average purchase price, when comparing this parameter with the top and the bottom share prices of the year (taking in account the 12 companies that purchased treasury stocks), just three of them acquired treasury stocks out of their intrinsic value range. In other words, Sag Gest acquired overvalued treasury stocks while Ibersol SGPS and Mota Engil acquired undervalued ones. The reasons are a simple message to the market: acquiring undervalued treasury stocks is a sign of confidence which will boost the prices and a mechanism to earn money in the future, while an acquisition of overvalued treasury stocks means that the company believes that the prices will continue scaling and they can have a win-win situation by selling them latter.

Treasury stock disclosures **(RESEARCH QUESTION 3)**

The main data necessary to study this matter is provided by the annual reports where are the management report that gives the essential picture about the business area and respective performance is included, and the annual Financial Statements where the details regarding financial activities are recorded. Only one company does not present any reference regarding the topic (Fisipe) and 13 companies mention the associated legislation, the most quoted articles being articles 5^{th} , 64^{th} ,66^{th} ,324^{th} and 325^{th} from the Companies Business Code, and a reference to article 508^{th} from the same law and article 248^{th} from the Securities Market Code. These documents essentially disclose the quantities and values in concordance with the year of reporting and the previous one and also the percentage of treasury stocks hold. The documents that go along with these numbers are the statement of the financial position, the cash flow statement and the notes. Throughout these financial documents, only two companies of the sample (Mota

Engil and Orey Antunes) presented the reasons to acquire treasury stocks. In the first company, the Board of Directors heads the decision and justifies such transactions due the undervaluation of their securities, at the date, by the capital market, demonstrating a sign of confidence to the future and the second one justified an acquisition essentially due the reduced price of their shares.

Treasury stock valuation **(RESEARCH QUESTION 4)**

Table 2 – Differences between acquisition amount of treasury stocks and the amount presented in the statement of financial position (in Euros)

	Statement of financial position Treasury Stock Account (in Euros)	Acquisition Value (in Euros)
BCP	81,938,000	13,275,452
BPI	21,699,000	48,863
Cort,Amorim	6,247,000	3,439,718
EDP	115,731	2,454
Martifer	50,000,000	852,587
Mota Engil	204,635,695	67,728
Orey Antunes	176,626	269,802
Reditus	1,156,757	36,975
S.Costa	197,780	734,713
SonaeCom Sgps	15,030,834	4,941,273
Zon	17,305	1,685,565

Comparing the values in the statement of financial position treasury stock account with the values of an acquisition transaction, we notice that there is no concordance between both values recorded. This happens because acquisitions of treasury stocks are not an isolated case in terms of transactions of these securities, once all the companies that buy treasury stocks also sell and/or distribute them to employees. In nine companies, the average cost per share is above the maximum achieved in 2010. It is a conclusion that those shares are overpriced when compared with 2010 but it is not conclusive affirmation because they can be adulterate by previous year's operations. Moreover, a comparison between the nominal value, book value, and average price of purchase per share, show how that they differ from each other. There is an outside case, Imob Grão Pará accounts numbers raised doubts it terms of accounting practices because when computing the ratio between ending of the year value divided by quantity, the average cost per share gave an extremely high value which makes infer an issued error. Comparing the amount of treasury stocks traded against the 2010's distribution of dividends, regarding 2009 results showed that in 2010 the listed companies were more apologists to use their net profit to satisfy their shareholders. In terms of flows of money, during 2010 on the whole was acquired EUR 29,099,206 of treasury stocks against the EUR 3,211,028,829 of dividends. Although, this last result is not conclusive since it should be analysed together with stock dividends.

In my perspective, the studies around treasury stocks would benefit if each company provides details about the operations behind the topic like the reasons and the methods commented in section 2.

7. CONCLUSION

The ease with which the news of treasury stocks are published, motivate this research, more specifically to study the evidence of treasury stocks in Portuguese listed companies during 2010. Owing to the demands of the market, the firms were obliged to fit rules like keep a maximum of 10 per cent of treasury stocks in their equity. Acquisitions were the most successful operation around treasury stocks, where 12 out of 15 bought their own shares, against the eight and the five that sold and used treasury stocks as payments to their employees, respectively. The absence of reasons to explain treasury stocks transactions strategies, excluding the necessity to boost an underpriced share, may lead to conclude that the tax advantage or the liquidity problems are strong causes. This research adds to the existing literature the opportunity to have Portuguese contents and to assess the Portuguese company's tendencies, given that domestic economy is in the spotlights of international media. It is a non recurrent study in Portugal but I hope to boost the concern regarding the topic because it can be a valuable variable in further comparison studies of the European stock markets or markets with a similar performance.

For **future researches**, the **recommendations** go along with the necessity to approximate the information available with the American studies and to look into the companies and their choices, for instance analyse the tender offers or the impact of the derivatives instruments in the acquisition operations because of the market volatility and the liquidity shortage. An alternative could be to measure if the Listed Companies Managers have treasury stocks in their possession and explain their reasons or study the topic concerning the importance and the role of taxation in the individual and corporate lives. An important future research could be a comparison between the stock dividends, not assessed in this study, and the treasury stocks

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Appendices

Table 1– Literature Review

Authors	Objective	Period of analysis	Data source country	Sample and Size	Methodology	Results
Amy Dittmar, (2000)	“investigate the relations between stock repurchases and distribution, investment, capital structure, corporate control, and compensation policies…”	1977-1996	US	All firms listed on Compustat and The Center for Research in Security Prices	Six hypothesis testing through Tobin model: -Excess capital: repurchases and distribution policy; -Undervaluation: repurchases and investment policy; -Optimal leverage ratio: repurchases and capital structure policy; -Management Incentive: repurchases and incentive policy; - Takeover deterrence: repurchases and corporate control	“I find that, throughout the sample period, firms repurchase stock to take advantage of potential undervaluation and, in many periods, to distribute excess capital. However, firms also repurchase stock during certain periods to alter their leverage ratio, fend off takeovers, and counter the dilution effects of stock options.”
Grullon and Michaely (2002)	“…,analyze the recent trend in share repurchases. …focus on the analysis of whether firms use share repurchases… understanding the motivation behind the recent surge in share repurchase activity will allow us to better understand whether corporations view	1972-2000	US	The Industrial Compustat files (Full-Coverage, Primary, Secondary, Tertiary, Research, and Back Files)	Cross Sectional Regressions: -“Cross-Sectional Regressions of the Dividend Forecast Error on Several Factors”; - “The Effect of Share Repurchases on the Market Reaction to Dividend Decreases: Univariate Analysis”; - “The Effect of Share Repurchases on the Market	“We show that repurchases have not only became an important form of payout for U.S. corporations, but also that firms finance their share repurchases with funds hat otherwise would have been used to increase dividends. We find

Authors	Objective	Period of analysis	Data source country	Sample and Size	Methodology	Results
	dividends and repurchases as interchangeable payout methods, which would have implications for many of the payout theories."				Reaction to Dividend Decreases: Multivariate Analysis"; - "The Effect of Taxes on the Market Reaction to Share Repurchase Announcements: Univariate Analysis"; -"The Effect of Taxes on the Market Reaction to Share Repurchase Announcements: Multivariate Analysis"; "The Effect of Rule 10b-18 on Share Repurchase Activity"	that young firms have a higher propensity to pay cash through repurchases than they did in the past and that repurchases have become the preferred form of initiating a cash payout. Although large, established firms have generally not cut their dividends, they also show a higher propensity to pay out cash through repurchases."
Lopes and Rodrigues (2004)	"to analyse the current accounting practices for financial instruments by Portuguese companies and compare them to the measurement, recognition and disclosure requirements stipulated in IAS 32 and 39."	2001	Portugal	56 quoted companies	"In order to attain our objective, we drew up a list of 120 categories of inquiry and 370 possible responses that we were interested in analysing. We applied content analysis technique to 2001 listed companies' annual reports."	"Our results suggest that the accounting practices for financial instruments by companies listed on the Portuguese stock exchange are very far from what IAS 32 and 39 require. This is especially observed in the measurement and recognition criteria applied to the categories of financial instruments for which the adoption of fair value

Authors	Objective	Period of analysis	Data source country	Sample and Size	Methodology	Results
						is required (that is, held-for-trading and available-for-sale financial assets). In what derivative instruments are concerned, we found that the fair value measurement criterion is being adopted by a large number of derivative users. However, with respect to hedging transactions, the gap between accounting practices and the relevant accounting Standards is quite wide. A big improvement in reporting practices regarding this type of instruments will be needed. These findings throw light on the challenges of adopting IAS, particularly with respect to fair value measurement, now that 2005 is near."
Brockman,P., Khurana I. K. and Martin X.	"…examine whether managers alter the regular flow of	1994-2005	US	"…intersection of (a) the First Call	"Estimate two models that use two related dependent variables. The first	"Managers increase the frequency and magnitude of bad

Authors	Objective	Period of analysis	Data source country	Sample and Size	Methodology	Results
(2008)	information around share repurchases."			database that contains management forecasts, (b) the Security Data Corporation (SDC) Merger and Acquisition database on share repurchases, (c) the merged Compustat annual industrial file, including the primary, secondary, tertiary, and full coverage research files, and (d) the return files from the Center for Research in Security Prices	dependent variable is an indicator variable (GN) that is equal to one if the management forecast is classified as good news and zero otherwise." "The second dependent variable is a continuous variable (SRET) that equals the abnormal return over the 3-day window [_1, 1] around management forecasts. GN captures the frequency (or percentage) of management forecasts that are classified as good news (versus good news), whereas SRET captures the magnitude of good news relative to bad news forecasts."	news announcements during the 1-month period prior to repurchasing shares. To a lesser extent, they also increase the frequency and magnitude of good news announcements during the 1-month period following their repurchases."
Diogo Rebelo (2010)	"This paper aims to make an overview on the subject in Portugal and understand how Portuguese listed companies disclosure information"	2008	Portugal	50 companies listed from the Euronext Lisbon	"…almost all of the Portuguese companies that held treasury stock complied with the respective disclosure requirements, however, only a few companies that traded treasury stock during the year complied with all the respective disclosure requirements."	"Examined the consolidated annual reports since those are prepared in IAS/IFRS and the use of individual financial statements could compromise the comparability of information."

Table 2 - Causes and Consequences of holding treasury stocks

Causes	Consequences
– Offset an executive stock options	– To align interests of managers and shareholders
– Leveraged recapitalization	– Raise debt of the company
– Issue signs and information to market	Signal negative information about the firm's future growth and investment opportunities
– Repurchase dissident shares	– Reduce the conflicts between shareholders and managers and their management
– Privatizing the firm	– Less cash and protection against unfriendly takeovers
– Capital gains treated more favourable than cash dividends for tax purposes.	– Not applicable

Table 3 – Portuguese Tax outlook

Payout Policy	**Legislation**[14]	**Tax Implications**
Treasury Stocks	CIRC, articles 21 and 24.	Changes in equity are not taxable, do not originate any tax gain or loss. Only a resale may originate positive or negative changes in equity depending on the share price.
Treasury Stocks through a forward contract or a swap	CIRC, article 45.	The company will have a tax shield benefits because interests from a loan are deductible
Dividends	CIRC, articles 88 and CIRS, article 72.	Pay a withholding flat tax rate of 25%

[14] CIRC is the acronym for *Código do Imposto sobre o Rendimento das Pessoas* Colectivas ("Corporate Income Tax Code"), and CIRC is the acronym for *Código do Imposto sobre o Rendimento das Pessoas* Singulares ("Individual Income Tax Code").

Table 4 - Main regulation regarding the acquisition of treasury stocks

Disclousure document	Article	Content
Portuguese Security Market Code (CMVM code)	248	Inside information cannot be used or transmitted before its made public. This article does not apply to trades on treasury stock under a share repurchase plan.
Portuguese Security Market Code (CMVM code)	249	Security issuers on a regulated market have to disclose immediately to CMVM the acquisition of treasury stock when its percentage is higher or lower than 5% or 10%.
Portuguese Security Market Code (CMVM code)	250 B	Security issuers on a regulated market have to disclose immediately to CMVM the acquisition and sales of treasury stock when its percentage is higher or lower than 5% (or 10%). If an entity can hold 5% (or 10%) maximum of treasury stock, have to disclosure if its percentage is higher
Portuguese Security Market Code (CMVM code)	378	Inside information cannot be used or transmitted before its made public. The use of inside information can led to five years in prison or fine. This article does not apply to trades on treasury stock under a share repurchase plan.
Portuguese Companies Business Code	66	The report should show the number and nominal value of treasury stocks bought during the reporting period, motives and price of the transaction and also the total number of treasury stock and nominal value at the end of the period.
Portuguese Companies Business Code	317	An acquisition depends on the company contract, where normally a firm can have a maximum of 10% of its capital on treasury stocks, however there are few situations where a firm can have more than 10%.
Portuguese Companies Business Code	319	Shareholders General Meeting deliberation is necessary to treasury stocks acquisition and it is mandatory inclusion of the maximum and ,if applicable, minimum amount of shares to purchase; the acquisition term (within 18 months from deliberation); to whom the share repurchase will be acquired , if not in open market; minimum and maximum acquisition offsets. The acquisition as to be done according to Art 317th and 318th. The executive board can decide to acquire treasury stocks in order to protect the firm against an imminent loss. If the executive board decides to purchase treasury stocks in the next shareholder general assembly the motivation and conditions of this trade have to be addressed.

Disclousure document	Article	Content
Portuguese Companies Business Code	323	A firm cannot exceed the 10% of treasury stock limit for more than three years even if acquired in accordance to law requirements. Treasury stocks obtained against the law, if not considered null must be sold in one year. If the retaining time is exceeded the quantity of treasury stock that should be sold must be cancelled, starting with the most recent treasury stock. The board is responsible for the loss incurred with treasury stock obtained against the law and the cancellation of shares.
CMVM 5/2008	11	Firms that issue shares and within the Portuguese law or which operate in the Portuguese stock market have to disclosure to CMVM all acquisitions of treasury stocks in a 3 days deadline from the transaction date.
CMVM 5/2008	13	a) Identification of the firm which is obligated to disclosure and if applicable the firm who made the acquisition or sale; b) Identification of the securities acquired or sold; c) Transaction date; d) Market where the transaction occurred; e) Nature of the transaction (why it was made); f) Number of securities traded; g) Price per unit; h) Transaction time (if done on the market); i) Total number of securities owned;
CMVM 1/2010	2	Requires the delivery of a Corporate Governance Report with details about the firm structure and corporate governance practices. Although there is no requirement to disclose information about trading treasury stocks. The report obliges, between other requirements, the disclosure of capital structure and qualified shareholders, dividend policy and characteristics of share-based payment plans.

Table 5- Main regulation regarding maintain treasury stocks

Disclosure document	Article	Content
Portuguese Companies Business Code	66	The report should show the number and nominal value of treasury stocks sold during the reporting period, motives and price of the transaction and also the total number of treasury stock and nominal value at the end of the period.
Portuguese Companies Business Code	324	Board of Directors annual report should publish the number of treasury stocks that at the end of the year.
CMVM 1/2010	2	Requires the delivery of a Corporate Governance Report with details about the firm structure and corporate governance practices. Although there is no requirement to disclose information about trading treasury stocks. The report obliges, between other requirements, the disclosure of capital structure and qualified shareholders, dividend policy and characteristics of share-based payment plans.
CMVM 1/2010	4	Firms that issue shares and that are subjected to Portuguese law or operating in the Portuguese stock market have to disclosure to CMVM all the information regarding share-based payment plans and stock-options to employees within 7 days after the approval.

Table 6 - Main regulation regarding the sale of treasury stocks

Disclousure document	Article	Content
Portuguese Security Market Code (CMVM code)	248	Inside information cannot be used or transmitted before its made public. This article does not apply to trades on treasury stock under a share repurchase plan.
Portuguese Security Market Code (CMVM code)	249	Security issuers on a regulated market have to disclose immediately to CMVM the sales of treasury stock when its percentage is higher or lower than 5% or 10%.
Portuguese Security Market Code (CMVM code)	250 B	Security issuers on a regulated market have to disclose immediately to CMVM the acquisition and sales of treasury stock when its percentage is higher or lower than 5% or 10%. If an entity can hold 5% maximum of treasury stock, have to disclosure if its percentage is higher. Idem, if an entity can hold

Disclousure document	Article	Content
		10% maximum of treasury stock, have to disclosure if its percentage is higher.
Portuguese Security Market Code (CMVM code)	378	Inside information cannot be used or transmitted before its made public. The use of inside information can led to 5 years in prison or fine. This article does not apply to trades on treasury stock under a share repurchase plan.
Portuguese Companies Business Code	66	The report should show the number and nominal value of treasury stocks sold during the reporting period, motives and price of the transaction and also the total number of treasury stock and nominal value at the end of the period.
CMVM 5/2008	13	Firms that issue shares and within the Portuguese law or that operate in the Portuguese stock market have to disclosure to CMVM all sales of treasury stocks in a three days deadline from the transaction date.
CMVM 5/2008	13	a) Identification of the firm which is obligated to disclosure and if applicable the firm who made the acquisition or sale; b) Identification of the securities acquired or sold; c) Transaction date; d) Market where the transaction occurred; e) Nature of the transaction (why it was made); f) Number of securities traded; g) Price per unit; h) Transaction time (if done on the market); i) Total number of securities owned;
CMVM 1/2010	2	Requires the delivery of a Corporate Governance Report with details about the firm structure and corporate governance practices. Although there is no requirement to disclose information about trading treasury stocks. The report obliges, between other requirements, the disclosure of capital structure and qualified shareholders, dividend policy and characteristics of share-based payment plans.
CMVM 1/2010	4	Firms that issue shares and that are subjected to Portuguese law or operating in the Portuguese stock market have to disclosure to CMVM all the information regarding share-based payment plans and

Disclousure document	Article	Content
		stock-options to employees within 7 days after the approval.

Table 7 – Initial Sample[15]

Company	Sector	Last share price in March 21th,2012 (in Euros)	Total shares outstanding (in Euros)	Capitalisation (in Euros)
ALTRI SGPS	2727 Diversified Industrials	1.155	205,131,672	236,927,081
B.COM.PORTUGUES	8355 Banks	0.156	7,207,167,060	1,124,318,061
B.ESPIRITO SANTO	8355 Banks	1.49	1,461,240,084	2,177,247,725
BANCO BPI	8355 Banks	0.515	990,000,000	509,850,000
BANCO POP.ESPANOL	8355 Banks	3.00	1,796,728,415	5,390,185,245
BANCO SANTANDER	8355 Banks	6.25	9,076,853,400	56,730,333,750
BANIF-SGPS	8355 Banks	0.30	570,000,000	171,000,000
BENFICA	5755 Recreational Services	0.91	15,000,001	13,650,001
BRISA	2777 Transportation Services	2.49	600,000,000	1,494,000,000
CIMPOR,SGPS	2353 Building Materials & Fixtures	4.974	672,000,000	3,342,528,000
COFINA,SGPS	5557 Publishing	0.43	102,565,836	44,103,309
COMPTA	9533 Computer Services	0.15	3,000,000	450
CORTICEIRA AMORIM	3535 Distillers & Vintners	1.41	133,000,000	187,530,000
E.SANTO FIN.NOM	8775 Specialty Finance	5.25	13,922,877	73,095,104
E.SANTO FINANCIAL	8775 Specialty Finance	5.57	91,111,645	507,491,863
EDP	7535 Conventional Electricity	2.219	2,936,222,980	6,515,478,793
EDP RENOVAVEIS	7537 Alternative Electricity	3.89	872,308,162	3,393,278,750
ESTORIL SOL P	5752 Gambling	1.62	5,876,905	9,520,586
F.RAMA	1757 Iron & Steel	0.64	25,641,459	16,410,534
FISIPE	1353 Commodity Chemicals	0.13	155,000,000	20,150,000

[15] Accessed on March 21th 2012 from Euronext website

Company	Sector	Last share price in March 21th,2012 (in Euros)	Total shares outstanding (in Euros)	Capitalisation (in Euros)
FUT.CLUBE PORTO	5755 Recreational Services	0.48	15,000,000	7,200,000
GALP ENERGIA-NOM	0537 Integrated Oil & Gas	13.405	771,171,121	10,337,548,877
GLINTT	9533 Computer Services	0.13	86,962,868	11,305,173
IBERSOL,SGPS	5757 Restaurants & Bars	4.60	20,000,000	92,000,000
IMOB.C GRAO PARA	2357 Heavy Construction	3.10	2,500,000	7,750,000
IMPRESA,SGPS	5553 Broadcasting & Entertainment	0.49	168,000,000	82,320,000
INAPA-INV.P.GESTAO	1737 Paper	0.17	150,000,000	25,500,000
J.MARTINS,SGPS	5337 Food Retailers & Wholesalers	14.49	629,293,220	9,118,458,758
LISGRAFICA	2791 Business Support Services	0.04	186,696,620	7,467,865
MARTIFER	2727 Diversified Industrials	0.93	100,000,000	93,000,000
MEDIA CAPITAL	5553 Broadcasting & Entertainment	1.40	84,513,180	118,318,452
MOTA ENGIL	2357 Heavy Construction	1.228	204,635,695	251,292,633
NOVABASE,SGPS	9533 Computer Services	2.24	31,401,394	70,339,123
OREY ANTUNES ESC.	2773 Marine Transportation	1.15	12,000,000	13,800,000
P.TELECOM	6535 Fixed Line Telecommunications	4.005	896,512,000	3,590,530,560
PORTUCEL	1737 Paper	2.07	767,500,000	1,588,725,000
REDITUS,SGPS	9533 Computer Services	3.76	14,638,691	55,041,478
REN	7535 Conventional Electricity	2.23	261,660,000	583,501,800
S.COSTA	2357 Heavy Construction	0.32	159,994,482	51,198,234
SACYR VALLEHERMOSO	2357 Heavy Construction	3.96	422,598,452	1,673,489,870
SAG GEST	5379 Specialty Retailers	0.45	169,764,398	76,393,979
SEMAPA	1737 Paper	5.672	118,332,445	671,181,628
SONAE	5337 Food Retailers & Wholesalers	0.454	2,000,000,000	908,000,000
SONAE CAPITAL	8775 Specialty Finance	0.21	250,000,000	52,500,000
SONAE IND.SGPS	2353 Building Materials & Fixtures	0.67	140,000,000	93,800,000
SONAECOM,SGPS	6575 Mobile Telecommunications	1.22	366,246,868	446,821,179
SPORTING	5755 Recreational Services	0.44	39,000,000	17,160,000
SUMOL+COMPAL	3537 Soft Drinks	1.22	100,092,500	122,112,850
TEIXEIRA DUARTE	2357 Heavy Construction	0.26	420,000,000	109,200,000
TOYOTA CAETANO	2753 Commercial Vehicles & Trucks	2.10	35,000,000	73,500,000

Company	Sector	Last share price in March 21th,2012 (in Euros)	Total shares outstanding (in Euros)	Capitalisation (in Euros)
VAA VISTA ALEGRE	3722 Durable Household Products	0.07	1,077,562,157	75,429,351
VAA-V.ALEGRE-FUSAO	3722 Durable Household Products	0.05	78,786,117	3,939,306
ZON MULTIMEDIA	5553 Broadcasting & Entertainment	2.468	309,096,828	762,850,972